

House Study Bill 743

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ENVIRONMENTAL PROTECTION
BILL BY CHAIRPERSON OLSON)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to renewable energy production by establishing a
2 county biomass project siting program and an electricity
3 renewable energy standard, and making specified tax credits
4 applicable.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 6355HC 82
7 rn/rj/5

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1 1 Section 1. NEW SECTION. 473.14 COUNTY BIOMASS PROJECT
1 2 SITING == PROGRAM ESTABLISHED == REQUIREMENTS.
1 3 1. The department shall oversee implementation of a county
1 4 biomass project siting program through which the county board
1 5 of supervisors in each county in this state shall identify and
1 6 approve a site within the county for location of a biomass
1 7 electrical production facility. For purposes of this section,
1 8 "biomass electrical production facility" means a facility
1 9 constructed for the generation of at least twenty=five
1 10 megawatts of electricity through the processing or utilization
1 11 of organic matter including but not limited to agricultural
1 12 energy crops, crop wastes and residues, wood wastes and
1 13 residues, and aquatic plants, but excluding municipal solid
1 14 waste.
1 15 2. Sites identified and approved may accommodate a biomass
1 16 electrical production facility equipped to generate amounts of
1 17 electricity in excess of the twenty=five=megawatt=minimum
1 18 capacity, shall encompass sufficient land mass for biomass
1 19 electrical production and disposition of materials, and shall
1 20 be positioned to facilitate biomass delivery and access to
1 21 electrical transmission lines. In selecting a site,
1 22 consideration shall be given to location near a biomass waste
1 23 processing facility that could be used in the production
1 24 process, and which could participate with the biomass
1 25 electrical production facility in the cogeneration of useful
1 26 heat.
1 27 3. The department shall establish by rule general
1 28 identification criteria applicable to county biomass project
1 29 siting, and shall coordinate with each county board of
1 30 supervisors regarding the selection and approval process.
1 31 Each county board of supervisors shall submit a report to the
1 32 department by January 1, 2010, regarding progress made toward
1 33 site identification and approval, with a goal of final
1 34 approval by each board and notification of approval to the
1 35 department by January 1, 2012, and shall by January 1, 2012,
2 1 submit an assessment to the department regarding the
2 2 feasibility of establishing a biomass electrical production
2 3 facility on the site selected, the existence of biomass waste
2 4 processing facilities in the area, cogeneration possibilities,
2 5 and the existence of potential biomass electrical producers.
2 6 Sec. 2. Section 476.44, subsection 2, Code 2007, is
2 7 amended to read as follows:
2 8 2. ~~An electric utility subject to this division, except a~~
~~2 9 utility that elects rate regulation pursuant to section~~
~~2 10 476.1A, shall not be required to own or purchase, at any one~~
~~2 11 time, more than its share of one hundred five megawatts of~~
~~2 12 power from alternative energy production facilities or small~~
~~2 13 hydro facilities at the rates established pursuant to section~~
~~2 14 476.43. The board shall allocate the one hundred five~~
~~2 15 megawatts based upon each utility's percentage of the total~~
~~2 16 Iowa retail peak demand, for the year beginning January 1,~~

2 17 1990, of all utilities subject to this section. If a utility
2 18 undergoes reorganization as defined in section 476.76, the
2 19 board shall combine the allocated purchases of power for each
2 20 utility involved in the reorganization.

2 21 Notwithstanding the one hundred five megawatt maximum, the
2 22 board may increase the amount of power that a utility is
2 23 required to own or purchase at the rates established pursuant
2 24 to section 476.43 if the board finds that a utility, including
2 25 a reorganized utility, exceeds its 1990 Iowa retail peak
2 26 demand by twenty percent and the additional power the utility
2 27 is required to purchase will encourage the development of
2 28 alternate energy production facilities and small hydro
2 29 facilities. The increase shall not exceed the utility's
2 30 increase in peak demand multiplied by the ratio of the
2 31 utility's share of the one hundred five megawatt maximum to
2 32 its 1990 Iowa retail peak demand.

2 33 a. An electric utility shall produce or purchase at least
2 34 the following percentages of its total annual Iowa retail
2 35 electric sales from alternate energy production facilities or
3 1 small hydro facilities:

3 2 (1) By December 31, 2014, fourteen percent.

3 3 (2) By December 31, 2020, twenty percent.

3 4 (3) By December 31, 2025, twenty-five percent.

3 5 b. Amounts produced or purchased in excess of the required
3 6 percentages in paragraph "a" may be sold or exchanged between
3 7 electric utilities for purposes of satisfying the
3 8 requirements, subject to procedures as determined by the board
3 9 by rule.

3 10 c. Of the total amounts of electricity to be produced or
3 11 purchased from alternate energy production facilities or small
3 12 hydro facilities required by paragraph "a", designated amounts
3 13 of electricity shall be derived from specified alternative and
3 14 renewable energy sources, as follows:

3 15 (1) Three hundred fifty megawatts shall be produced or
3 16 purchased from community-owned renewable energy projects,
3 17 pursuant to definition and criteria to be determined by the
3 18 board by rule, by 2014. The amount required to be produced or
3 19 purchased from community-owned renewable energy projects shall
3 20 increase to five hundred megawatts by 2020, and to six hundred
3 21 twenty-five megawatts by 2025, and be maintained each year
3 22 thereafter.

3 23 (2) Eighty megawatts shall be produced or purchased from a
3 24 sustainable, closed-loop biomass conversion facility, as
3 25 defined in section 476C.1, by 2014, and maintained each year
3 26 thereafter.

3 27 (3) Twenty megawatts shall be produced or purchased from a
3 28 methane gas recovery facility, as defined in section 476C.1,
3 29 by 2014, and maintained each year thereafter.

3 30 (4) Five megawatts shall be produced or purchased from a
3 31 solar energy conversion facility, as defined in section
3 32 476C.1, by 2014, and maintained each year thereafter. An
3 33 electric utility which maintains a solar energy utilization
3 34 project with which the electric utility is involved on July 1,
3 35 2008, may allocate megawatts derived therefrom in satisfying
4 1 this requirement.

4 2 d. Projects originated or utilized for the purpose of
4 3 meeting the requirements of paragraph "c", subparagraphs (2)
4 4 through (4), shall be eligible for the renewable energy tax
4 5 credit pursuant to chapter 476C, and the maximum capacity
4 6 restrictions of section 476C.3, subsection 4, shall not be
4 7 applicable to a facility determined to be eligible pursuant to
4 8 that section and supplying electricity produced or purchased
4 9 by a utility in satisfaction of the alternative and renewable
4 10 energy percentage purchase requirements of this section.

4 11 Sec. 3. Section 476C.3, subsection 4, Code 2007, is
4 12 amended to read as follows:

4 13 4. a. The maximum amount of nameplate generating capacity
4 14 of all wind energy conversion facilities the board may find
4 15 eligible under this chapter shall not exceed one hundred
4 16 eighty megawatts of nameplate generating capacity. The
4 17 maximum amount of energy production capacity equivalent of all
4 18 other facilities the board may find eligible under this
4 19 chapter shall not exceed a combined output of twenty megawatts
4 20 of nameplate generating capacity and one hundred sixty-seven
4 21 billion British thermal units of heat for a commercial
4 22 purpose. Of the maximum amount of energy production capacity
4 23 equivalent of all other facilities found eligible under this
4 24 chapter, fifty-five billion British thermal units of heat for
4 25 a commercial purpose shall be reserved for an eligible
4 26 facility that is a refuse conversion facility for processed,
4 27 engineered fuel from a multicounty solid waste management

4 28 planning area. The maximum amount of energy production
4 29 capacity the board may find eligible for a single refuse
4 30 conversion facility is fifty-five billion British thermal
4 31 units of heat for a commercial purpose.
4 32 b. The maximum amount of energy production capacity
4 33 limitations specified in paragraph "a" shall not be applicable
4 34 to an eligible facility supplying electricity produced or
4 35 purchased in satisfaction of the alternative and renewable
5 1 energy percentage purchase requirements contained in section
5 2 476.44, subsection 2.

5 3 EXPLANATION

5 4 This bill relates to the production of renewable energy.
5 5 The bill provides for the establishment of a county biomass
5 6 project siting program, to be administered by the department
5 7 of natural resources, through which each county board of
5 8 supervisors shall identify and approve a site for the location
5 9 of a biomass electrical production facility. The bill defines
5 10 "biomass electrical production facility" as a facility
5 11 constructed for the generation of at least 25 megawatts of
5 12 electricity through the processing or utilization of organic
5 13 matter including but not limited to agricultural energy crops,
5 14 crop wastes and residues, wood wastes and residues, and
5 15 aquatic plants, but excluding municipal solid waste.

5 16 The bill provides that a site may accommodate a biomass
5 17 electrical production facility equipped to generate amounts of
5 18 electricity in excess of the 25 megawatt minimum capacity,
5 19 must be of sufficient land mass to allow for biomass
5 20 electrical production and material disposition, and be
5 21 positioned to facilitate biomass delivery and access to
5 22 electrical transmission lines. The bill further provides that
5 23 consideration should be given in site selection to location
5 24 near a biomass waste processing facility that could be used in
5 25 the production process, and which could participate with the
5 26 biomass electrical production facility in the cogeneration of
5 27 useful heat.

5 28 The bill directs the department to establish by rule
5 29 general siting identification criteria and to coordinate with
5 30 each county board of supervisors regarding the selection and
5 31 approval process. The county boards are directed to submit a
5 32 progress report to the department by January 1, 2010, with a
5 33 goal of final approval by each board and notification of
5 34 approval to the department by January 1, 2012. The county
5 35 boards shall also submit to the department by January 1, 2012,
6 1 an assessment of the feasibility of establishing a biomass
6 2 electrical production facility on the site selected, the
6 3 existence of biomass waste processing facilities in the area,
6 4 cogeneration possibilities, and the existence of potential
6 5 biomass electrical producers.

6 6 The bill additionally requires electric utilities to
6 7 produce or purchase increasing percentages of their total
6 8 annual Iowa retail electric sales from alternative energy
6 9 production facilities or small hydro facilities, as defined in
6 10 Code section 476.42, by specified dates, and provides that
6 11 amounts produced or purchased in excess of the percentage
6 12 requirements may be sold or exchanged between utilities
6 13 pursuant to procedures determined by the Iowa utilities board
6 14 by rule.

6 15 The bill provides that out of the production or purchase
6 16 requirements, designated amounts of electricity shall be
6 17 derived from specified sources of alternative and renewable
6 18 energy sources. Specifically, 350 megawatts are required to
6 19 be produced or purchased from community-owned renewable energy
6 20 projects, pursuant to a definition of such projects and
6 21 criteria relating to them as determined by the board by rule,
6 22 by 2014, and increased to 500 megawatts by 2020 and 625
6 23 megawatts by 2025 and maintained each year thereafter.

6 24 Additionally, 80 megawatts must be produced or purchased from
6 25 a sustainable, closed-loop biomass conversion facility by 2014
6 26 and maintained each year thereafter; 20 megawatts must be
6 27 produced or purchased from a methane gas recovery facility by
6 28 2014 and maintained each year thereafter; and 5 megawatts must
6 29 be produced or purchased from a solar energy conversion
6 30 facility and maintained each year thereafter. The bill
6 31 references Code section 476C relating to alternative and
6 32 renewable energy tax credits regarding a definition of biomass
6 33 conversion facility, methane gas recovery facility, and solar
6 34 energy conversion facility, and provides with reference to
6 35 solar energy that utilities which maintain current solar
7 1 energy utilization projects may allocate megawatts derived
7 2 from them in satisfying the five megawatt requirement.

7 3 The bill provides that biomass, methane, or solar projects

7 4 which are originated or utilized to meet the percentage and
7 5 megawatt requirements shall be eligible for the renewable
7 6 energy tax credits pursuant to Code chapter 476C without
7 7 application of statutory maximum capacity restrictions.
7 8 LSB 6355HC 82
7 9 rn/rj/5